

FOR IMMEDIATE RELEASE

Kyowa Hakko Nine-month Operating Income up 20.6%; Raises Full-year Forecasts

Tokyo, January 30, 2007-- Kyowa Hakko Kogyo Co., Ltd. (Kyowa Hakko; TSE 4151) today announced its third quarter financial results for the nine-month period from April 1, 2007 to December 31, 2007. Consolidated net sales for the period were ¥297.6 billion, an increase of 11.0% compared to the first nine months of the previous fiscal year. Business performance, particularly in the Chemicals business was ahead of plans for the fiscal year. Sales in each business segment increased compared to the first nine months of the previous fiscal year and as a result operating income increased by 20.6% to ¥32.4 billion and recurring income was up 18.7% to ¥32.7 billion. Net income increased by 106.3% to ¥24.0 billion partly due to ¥7.5 billion in extraordinary income from the sale of fixed assets.

Commenting on the results, Yuzuru Matsuda, President and CEO of Kyowa Hakko said, 'We have maintained the momentum we achieved at the interim stage and sales grew in each of our business segments. Performance to date in fiscal 2007, particularly in the Chemicals business, is ahead of our plans and as a result we have raised our forecasts for full-year operating income and recurring income. Our plans to form a strategic alliance with the Kirin Group and integrate our business with Kirin Pharma to form Kyowa Hakko Kirin are proceeding smoothly and on schedule.'

Summary of operating results for the nine months ended December 31, 2007

(Amounts less than ¥100 million have been ignored)

	<i>Billions of yen</i>		%
	Consolidated results for the period ended December 31, 2007	Consolidated results for the period ended December 31, 2006	Change
Net sales	297.6	268.1	+11.0%
Operating income	32.4	26.8	+20.6%
Recurring income	32.7	27.5	+18.7%
Net income	24.0	11.6	+106.3%
Net income per share	¥60.55	¥28.63	+111.5%

Segmental performance

In the Pharmaceuticals business, sales increased compared to the first nine months of last fiscal year primarily driven by a strong performance from our core products. Sales of *Coniel*, a treatment for hypertension and angina pectoris, were lower than those in the first nine months of the previous fiscal year, however, sales of products such as *Allelock (olopatadine hydrochloride)*, an antiallergic agent and *Navelbine*, an anticancer agent, grew. Sales of *Patanol*, an antiallergic ophthalmic solution, which was launched in October 2006, also performed well. Income from the licensing-out of technologies and export of pharmaceutical products continued to perform very well, as sales of antiallergic agent *Olopatadine hydrochloride* that are outlicensed to Alcon, Inc. increased.

In the Bio-Chemicals business, sales increased compared to the first nine months of last fiscal year due to strong sales of core amino acid, nucleic acid, and related compounds mainly in overseas markets and growth in sales of healthcare products. Sales of vitamins and other products of Daiichi Fine Chemical, which became a consolidated subsidiary this fiscal year, also performed well.

In the Chemicals business, sales were much higher compared to the first nine months of last fiscal year as rising prices of fuel and raw materials led to generally high product prices in domestic and foreign markets.

In the Food business, growth in sales of natural seasonings and other products contributed to higher sales than in the first nine months of last fiscal year.

Forecasts for the fiscal year ending March 31, 2008*

	<i>Billions of Yen</i>	%
	FORECAST Fiscal Year ending March 31, 2008	Change compared to the previous fiscal year
Net sales	395.0	+11.5%
Operating income	38.0	+23.8%
Recurring income	38.0	+23.0%
Net income	26.0	+104.8%
Net income per share	¥65.35	+108.7%

Our results for the first nine months of fiscal 2007 were ahead of plan, driven by strong performance primarily from the Chemicals business. As a result, our forecasts for fiscal 2007 operating income and recurring income have each been revised upwards by ¥2.0 billion compared to forecasts that were announced on October 29, 2007.

**The above forecasts are based on information available and assumptions made at the time of release of this document about a number of uncertain factors that can affect results in the future. It is possible that actual results are materially different for a wide variety of reasons.*

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For further information please access: <http://ir.kyowa.co.jp/english/index.cfm>

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